

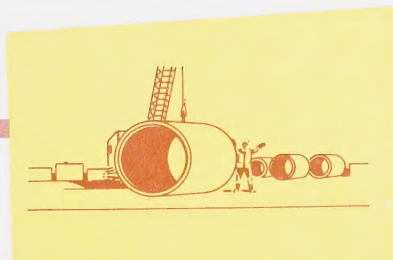
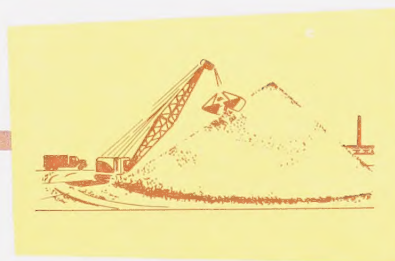
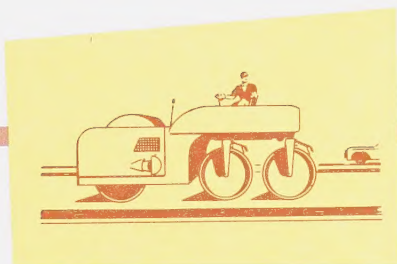
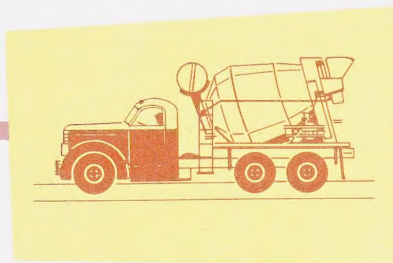
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THIRTY-SEVENTH ANNUAL REPORT

STANDARD PAVING & MATERIALS, LIMITED

and subsidiary companies



M A R C H 31, 1966

The batching tower of the new ready-mix concrete plant of S. McCord & Co. Limited, King Street East, Toronto. This is one of the largest concrete batching plants in Canada and can deliver up to 300 yards of concrete per hour.



JUN 27 1967

STANDARD PAVING & MATERIALS, LIMITED

and subsidiary companies

Directors

R. S. AIKEN	J. H. REID
J. B. HANLY	G. SCHOTCH
B. W. LANG	J. A. SCYTHES
D. G. LAWSON	

Officers

J. H. REID	<i>Chairman of the Board</i>
G. SCHOTCH	<i>President</i>
I. L. JENNINGS	<i>Vice-President, Aggregates</i>
M. E. McRAE	<i>Vice-President, Concrete Products</i>
R. F. TITUS	<i>Vice-President</i>
T. D. JONES	<i>Secretary-Treasurer</i>
E. J. WINTERS	<i>Comptroller</i>
E. J. HADDEN	<i>Assistant Secretary-Treasurer</i>

Registrar and Transfer Agents

EASTERN & CHARTERED TRUST COMPANY

Auditors

GUNN, ROBERTS AND CO.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Standard Paving & Materials, Limited will be held in the Library of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, at Eleven o'clock, in the forenoon, Eastern Daylight Time, on Wednesday, the 6th day of July, 1966.

STANDARD PAVING & MATERIALS, LIMITED

and subsidiary companies

AGGREGATES

CONSOLIDATED SAND & GRAVEL, LIMITED
GUELPH SAND AND GRAVEL, LIMITED
CITY SAND & GRAVEL LIMITED

- production at plants in Paris, Guelph, Malton, Stouffville, Pickering and North Bay of water-washed sand and gravel for use as aggregates by the concrete block, pre-cast and prestressed concrete and ready-mix concrete industries; sand and gravel for road construction.
- plants in Guelph, Paris and Leaside producing a complete range of asphaltic concrete for the pavement of roads and streets, parking lots, driveways, etc.

NATIONAL SAND AND MATERIAL COMPANY, LIMITED

- the marine recovery of sand by the S.S. "Charles Dick" from underwater deposits in Lake Erie and Lake Ontario for use as aggregates by the ready-mix concrete industry.

READY-MIX CONCRETE & BUILDERS' SUPPLY

CURRAN & BRIGGS READY-MIX LIMITED
RED-D-MIX CONCRETE LIMITED
S. McCORD & CO. LIMITED
NORTH BAY CONCRETE SUPPLY COMPANY LIMITED

- mixed concrete for use in the construction of bridges, roadways, sidewalks and buildings, delivered from plants located at Ajax, Oshawa, Brantford, Burlington, Guelph, Hamilton, London, Milton, Niagara Falls, St. Catharines, St. Thomas, Welland, Metropolitan Toronto and North Bay.
- sale of gypsum products, vitrified sewer pipe, sand and stone, plaster, portland cement and other builders' supplies from warehouses located in Metropolitan Toronto.

YORK BLOCK (A. Minghella Limited)

- production at a plant in Toronto of concrete and light-weight block steam-cured by the autoclave (high pressure) or low pressure processes. Sale of masonry materials and vitrified sewer pipe.

MIXED ASPHALT & CONTRACTORS SUPPLIES LIMITED

- production at Hamilton of a complete range of asphaltic concrete for the pavement of roads, streets, parking lots, driveways, etc.

CONCRETE PRODUCTS

CONCRETE PIPE LIMITED

- production at plants in Toronto, London and Sudbury of reinforced and non-reinforced concrete sewer and water pipe; perforated concrete drainage pipe; concrete man-holes; concrete conduit for telephone cable installation.

CONSTRUCTION

STANDARD PAVING, LIMITED
STANDARD PAVING MARITIME LIMITED

- road building, including street and highway paving, airport runway construction and sidewalk and curb installation, operating out of district offices in Toronto, North Bay and Hamilton, Ontario; Hull, Quebec; Halifax and Kentville, Nova Scotia.

STANDARD PAVING & MATERIALS, LIMITED
and subsidiary companies

HIGHLIGHTS OF THE PAST FIVE YEARS

	(thousands of dollars)				
	1966	1965	1964	1963	1962
Income for the year before income taxes	2,326	2,044	1,573	1,439	1,319
Provision for income taxes	1,177	1,039	760	643	623
	1,149	1,005	813	796	696
Minority shareholders' interest in income			15	95	95
Net income for the year	1,149	1,005	698	701	601
Earnings per share	\$1.12	98¢	68¢	68¢	59¢
Dividends per share	65¢	50¢	40¢	40¢	70¢
Depreciation and depletion	1,820	1,177	1,004	977	1,048
Capital expenditures (net) for new plant, etc.	4,745	1,538	1,548	1,175	741
Working capital	2,795	5,049	5,084	4,957	4,721

STANDARD PAVING & MATERIALS, LIMITED
and subsidiary companies

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to present the Thirty-Seventh Annual Report of your Company, together with the consolidated statement of financial position and related statements for the year ended March 31, 1966, and the report of the Auditors.

Sales of your Company's products for the year were substantially higher than in the previous year both in quantities sold and dollar volume of sales. The net income for the year was \$1,149,351 compared with \$1,005,274 in the previous year, increasing the earnings per share to \$1.12, from 98¢ per share. In addition, a profit of \$235,830 or 23¢ per share was realized on disposal of properties no longer required for our operations. The earnings for the year before deducting depreciation and depletion and provision for income taxes were \$4,146,414 or \$925,166 greater than those of the previous year. Depreciation and depletion for the year was \$1,820,063 compared with \$1,176,974 in the previous year and the provision for income taxes was \$1,177,000 compared with \$1,039,000. Dividends of \$665,792 on the 1,024,296 common shares outstanding amounted to 65¢ per share and consisted of four quarterly dividends of 12½¢ each and a special dividend of 15¢ per share. On July 4, 1966 a special dividend of 15¢ per share will be paid in addition to the regular quarterly dividend of 12½¢ per share.

The general level of the industry's price structure showed improvement during the past year and the amount of business offered at times placed some strain on the production capacity available. However, much of the benefit from better prices was absorbed by rapidly increasing wages and other costs, and this trend is continuing in the current year. It is still uncertain how much of a slow-down will be developed by the govern-

ment's fiscal inducements to lessen or defer business expansion and by the existing heavy pressure on sources of credit.

Capital expenditures for the year amounted to \$4,744,974 compared with \$1,537,835 for the previous year. These included continuance of the modernization and enlargement of your Company's fleet of ready-mix trucks, the construction of a new high capacity ready-mix plant at the King Street location in Toronto and three new ready-mix plants at other locations, improvement of aggregates plants to provide greater efficiency and to increase capacity, the acquisition of new property for future plant sites and to replenish gravel reserves, and additions to the pool of construction equipment. This programme had not been completed by March 31 and commitments for further expenditures of some \$1,850,000 have been made for the current year. However, the current year's capital expenditures are not expected to approach the level attained in the year ended March 31, 1966.

During the year three wholly-owned subsidiaries were acquired. The purchase of Stouffville Sand & Gravel Limited added another aggregates plant and increased our reserves of aggregates. This will enable your Company to expand its service to customers for sand and gravel in Metropolitan Toronto and the surrounding area. The purchase of North Bay Concrete Supply Company Limited and City Sand & Gravel Limited will provide valuable support for our construction operations in Northern Ontario and will enable your Company to participate directly in the supply of sand, gravel and ready-mix concrete to customers in the North Bay area.

The quantity of sand and gravel products shipped by the aggregates plants increased almost

20% over the previous year. The strike in the construction industry in Toronto in the early part of the year caused some dislocation to our shipments and an appreciable increase in costs; once the strike had been settled however, all our plants were kept busy for the rest of the season. The high volume of production necessitated a very extensive repair and maintenance programme during the winter months which proved considerably more costly than had been anticipated earlier in the year. The S.S. "Charles Dick" had a successful year recovering marine sand for sale in the Lake Ontario and Lake Erie areas.

The Ready Mix Concrete & Builders' Supply operations achieved a noteworthy increase in both quantity and dollar volume of sales. Selling prices showed a moderate increase in most areas although this was matched by comparable cost increases. Plant and equipment has been improved and extended as a result of the heavy capital expenditure programme effected during the year and is now well placed to take care of any increase in business being offered. The concrete block plant ran into serious production problems early in the year and its results did not meet our expectations. However these now seem to have been largely overcome and better results are expected in the current year.

Earnings from concrete products showed a satisfactory improvement over the previous year as a result of higher selling prices accompanied by some increased volume. Specifications for concrete pipe are continually becoming more severe and your Company's research facilities have enabled us to keep on improving the quality of our product. A pilot plant for the manufacture of "Deckon" plastic-reinforced sewer pipe is ready to start production and a wide market for this new light-weight pipe is in prospect.

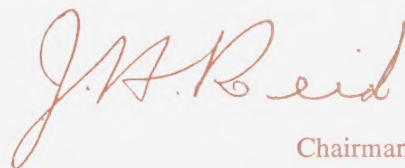
The volume of road building and paving work undertaken by the Construction Division was more than double that of the previous year but the earnings from these operations continued to be disappointing. There has been some improve-

ment in prices but rapidly increasing labour and other costs combined with labour shortages make for some difficulties in this operation. The equipment pool has been increased and its efficiency improved during the year and this should have a beneficial effect on current construction activities.

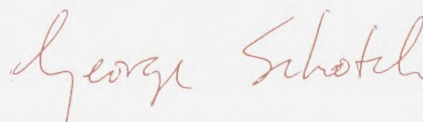
Prospects for the immediate future are encouraging. A satisfactory volume of business is still being offered in all product lines although with some downward pressure on prices. However, the effect of credit restrictions, the reduced availability of mortgage money and the announced policy of the Federal Government of discouraging construction activity could be felt later this year. This casts somewhat of a cloud over the earnings possibilities for the year to March 31, 1967, although the full impact of these deterrents may not become apparent until the following year. For the long term your Company is now better equipped than it has ever been to participate fully in the dynamic future growth of the areas in which we operate.

Throughout a very busy year our employees have worked loyally and enthusiastically. We join with the management in expressing our appreciation for their efforts, without which it would be impossible to maintain your Company's proud position in the construction industry.

On behalf of the Board,

Handwritten signature of J. H. Reid in cursive script.

Chairman.

Handwritten signature of George Schotch in cursive script.

President.

Toronto, Ontario,
June 9, 1966.

STANDARD PAVING

(Incorporated under the law
and subsidia

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended March 31, 1966

	1966	1965
Income from operations before the undernoted items	\$4,043,888	\$3,114,512
Income from investments	110,826	115,186
	<u>4,154,714</u>	<u>3,229,698</u>
Deduct:		
Directors' fees	8,300	8,450
Depreciation and depletion	<u>1,820,063</u>	<u>1,176,974</u>
	1,828,363	1,185,424
Income for the year before income taxes	2,326,351	2,044,274
Provision for income taxes	<u>1,177,000</u>	<u>1,039,000</u>
Net income for the year	1,149,351	1,005,274
Profit on disposal of property	235,830	—
Net income and special item	1,385,181	1,005,274
Retained earnings at beginning of year	8,397,975	6,801,454
Adjustments arising out of acquisition of minority shareholders' interest in certain subsidiary companies, including profit on disposal of an investment	—	1,353,677
	<u>9,783,156</u>	<u>9,160,405</u>
Dividends	665,792	512,148
Excess of cost of shares of subsidiary companies over value attributed to underlying tangible assets	225,663	250,282
	<u>891,455</u>	<u>762,430</u>
Retained earnings at end of year	<u>\$8,891,701</u>	<u>\$8,397,975</u>

AUDITORS' REPORT

To the Shareholders of
Standard Paving & Materials, Limited:

We have examined the consolidated statement of financial position of Standard Paving & Materials, Limited and subsidiary companies as at March 31, 1966 and the consolidated statement of income and retained earnings for the year then ended. Our examination of the financial statements of Standard Paving & Materials, Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to the subsidiary companies of which we are not the auditors, we have carried out such enquiries and examinations as we considered necessary in order to accept for purposes of consolidation the reports of their auditors.

In our opinion the accompanying consolidated statements of financial position and income and retained earnings present fairly the financial position of the companies as at March 31, 1966 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the accompanying consolidated statement of source and application of funds for the year ended March 31, 1966. In our opinion the statement presents fairly the sources and applications of funds for the year.

Toronto, Canada,
May 30, 1966.

GUNN, ROBERTS AND CO.,
Chartered Accountants.

MATERIALS, LIMITED

(Incorporated in the Province of Ontario)

Companies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 1966

	1966	1965
CURRENT ASSETS		
Cash	\$ 226,188	\$ 299,734
Bank deposit receipts	500,000	2,575,620
Accounts receivable	5,721,786	3,224,624
Tender and other deposits	653,502	168,360
Mortgages receivable, current portion	28,000	3,000
Inventories of materials and finished products at the lower of cost or net realizable value	1,559,083	1,422,237
Prepaid expenses	359,579	251,856
	<u>9,048,138</u>	<u>7,945,431</u>
CURRENT LIABILITIES		
Bank liability on tender accounts	565,901	142,690
Accounts payable and accrued	4,797,225	2,170,093
Dividend payable April 1	128,037	102,430
Income taxes	340,455	481,375
Long-term debt, current portion	421,250	—
	<u>6,252,868</u>	<u>2,896,588</u>
Working Capital	<u>2,795,270</u>	<u>5,048,843</u>
MORTGAGES RECEIVABLE, excluding current portion	<u>151,647</u>	<u>—</u>
FIXED ASSETS		
Property, plant and equipment at cost	28,350,812	21,925,769
Less accumulated depreciation and depletion	16,777,462	14,530,171
	<u>11,573,350</u>	<u>7,395,598</u>
	<u>14,520,267</u>	<u>12,444,441</u>
LONG-TERM DEBT, excluding current portion	<u>1,075,300</u>	<u>38,800</u>
DEFERRED INCOME TAXES	<u>1,220,400</u>	<u>674,800</u>
	<u>2,295,700</u>	<u>713,600</u>
Net Assets	<u>\$12,224,567</u>	<u>\$11,730,841</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 1,140,240 common shares of no par value		
Issued — 1,024,296 shares	\$ 3,332,866	\$ 3,332,866
Retained earnings	8,891,701	8,397,975
Shareholders' Equity	<u>\$12,224,567</u>	<u>\$11,730,841</u>

Approved on behalf of the Board:

J. H. REID, Director.

G. SCHOTCH, Director.

STANDARD PAVING & MATERIALS, LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the year ended March 31, 1966

	1966	1965
FUNDS WERE PROVIDED FROM:		
Net income for the year	\$1,149,351	\$1,005,274
Add back charges not requiring cash outlay		
Depreciation and depletion	1,820,063	1,176,974
Deferred income taxes	545,600	326,920
	<u>3,515,014</u>	<u>2,509,168</u>
Profit on disposal of property	235,830	—
Increase in long term debt, relating to purchase of property and acquisition of shares of subsidiary companies ..	914,500	—
	<u>4,665,344</u>	<u>2,509,168</u>
FUNDS WERE APPLIED TO:		
Purchase of property, plant and equipment (net)	4,744,974	1,537,835
Dividends	665,792	512,148
Payment of long-term debt	—	190,127
Acquisition of shares of subsidiary companies, less working capital at date of acquisition	1,396,504	303,888
Increase in mortgages receivable	111,647	—
	<u>6,918,917</u>	<u>2,543,998</u>
Decrease in working capital	<u>\$2,253,573</u>	<u>\$ 34,830</u>

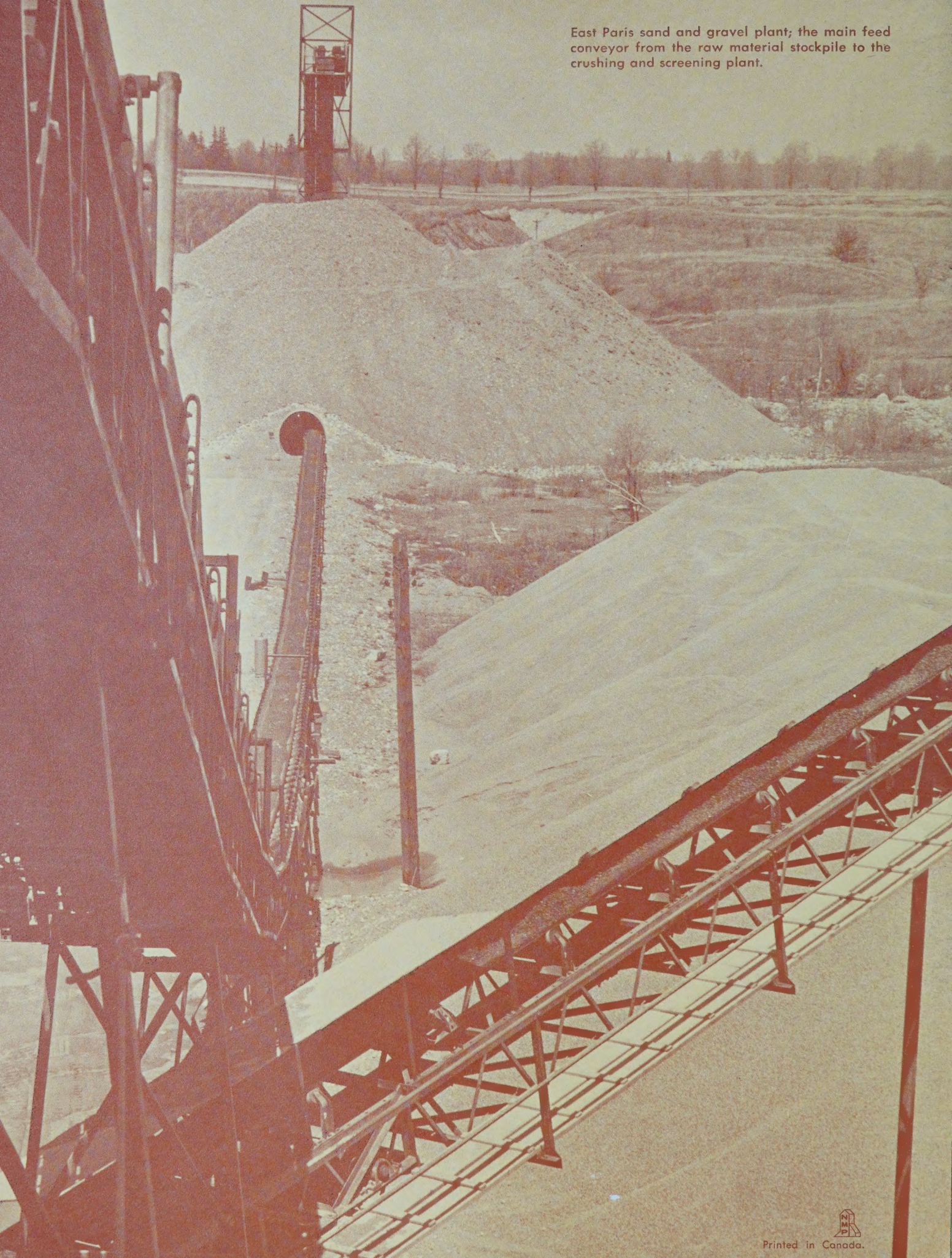


STANDARD PAVING & MATERIALS, LIMITED

and subsidiary companies

	DIRECTORY OF LOCATIONS	PRODUCTS AND SERVICES SUPPLIED
AJAX	Curran & Briggs Ready-Mix Limited	Concrete, builders' supplies
BRANTFORD	Red-D-Mix Concrete Limited	Concrete
BURLINGTON	Red-D-Mix Concrete Limited	Concrete
GUELPH	Guelph Sand and Gravel, Limited Red-D-Mix Concrete Limited	Sand, Gravel, asphalt mixes Concrete
HALIFAX	Standard Paving Maritime Limited	Paving, asphalt mixes, Road building
HAMILTON	Red-D-Mix Concrete Limited Mixed Asphalt & Contractors Supplies Limited Standard Paving, Limited	Concrete Asphalt mixes Paving and road building
KENTVILLE	Standard Paving Maritime Limited	Paving, asphalt mixes, Road building
LONDON	Red-D-Mix Concrete Limited Concrete Pipe Limited	Concrete Concrete Pipe
MALTON	Consolidated Sand & Gravel, Limited	Sand and gravel
MILTON	Red-D-Mix Concrete Limited	Concrete
NIAGARA FALLS	Red-D-Mix Concrete Limited	Concrete
NORTH BAY	City Sand & Gravel Limited North Bay Concrete Supply Company Limited Standard Paving, Limited	Sand and Gravel Concrete Paving and road building, asphalt mixes
OSHAWA	Curran & Briggs Ready-Mix Limited	Concrete, builders' supplies
OTTAWA/HULL	Standard Paving, Limited	Paving and road building, asphalt mixes
PARIS	Consolidated Sand & Gravel, Limited	Sand, gravel, asphalt mixes
PICKERING	Consolidated Sand & Gravel, Limited	Sand and gravel
ST. CATHARINES	Red-D-Mix Concrete Limited	Concrete
ST. THOMAS	Red-D-Mix Concrete Limited	Concrete
STOUFFVILLE	Consolidated Sand & Gravel, Limited	Sand and gravel
SUDBURY	Concrete Pipe Limited	Concrete Pipe
TORONTO	Consolidated Sand & Gravel, Limited S. McCord & Co. Limited York Block (A. Minghella Limited) Concrete Pipe Limited Standard Paving, Limited	Sand, gravel, asphalt mixes Concrete, builders' supplies Concrete block, builders' supplies Concrete pipe Paving and road building
WELLAND	Red-D-Mix Concrete Limited	Concrete

East Paris sand and gravel plant; the main feed conveyor from the raw material stockpile to the crushing and screening plant.



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